Speech to the European Council By Martin Schulz President of the European Parliament 19th of March 2015

Energy Union

Ladies and gentlemen,

the Energy Union is a historic project, on a par only with the Coal and Steel Community and the Internal Market and it merits our commitment. We have lost more than enough time. So, let's step up our actions.

Therefore, President Hollande, Prime Minister Rajoy, Prime Minister Passos Coelho, I would like to congratulate you on a recent ground-breaking action: the inauguration of a power line between French Baixàs and Spanish Santa Llogaia. This power line helps connect the power system of the Iberian Peninsula to other European energy markets.

What do we have to do now:

First, externally, we have to do more to diversify our oil and gas suppliers and act united when dealing with third parties.

Depending on just a few suppliers, some of them dominant or unreliable, like Russia, makes us vulnerable to divide-and rule tactics and threats of blocking energy supply routes. In the short-term we would therefore be well-advised to connect to as many different suppliers as possible, in particular in south-eastern Europe. And in the long-term we should reduce our energy imports. Europe is the largest energy importer in the world. More than half of our energy comes from third countries. This costs us 400 billion euros per year!

Secondly, internally, we must reduce our energy needs by prioritizing energy efficiency. The cheapest and cleanest energy is energy which is not consumed in the first place. Additionally, we must increase and diversify our own energy production in a smart and climate friendly way. Solidarity must be a mainstay of our energy policy. Only by fully connecting our internal pipelines and grids, can we ensure that our energy can flow freely within Europe, and reach the places where it is most needed at fair prices.

Affordable and accessible energy is vital for keeping our industry in business and for keeping our citizens safe. Too many people in Europe are not able to pay their electricity bill or cannot afford to heat their houses in winter. Tackling energy poverty must be at the top of every government's to-do-list.

Instead of paying billions for energy coming from outside our Union it is certainly preferable to create jobs and growth by investing this money into an energy union:

- firstly, into merging our fragmented market into a fully integrated energy market, also by fully implementing what has already been agreed: the Third Internal Energy Market Package.

- secondly, into research and innovation, in available and new technologies, in particular in the area of renewable energy and energy efficiency, as well as storage and transport of renewable energy. On this, allow me to give you another figure: European renewable energy businesses already today have a combined annual turnover of 129 billion €, and employ over a million people.

- and thirdly, into making our houses and buildings more energy efficient. Today three quarters of our houses are not yet energy efficient. There is still a lot of work to do - that will create many more jobs and, down the line save much money from waste.

The Commission estimates that one trillion Euro will need to be invested in the EU energy sector by 2020. It's our job to ensure that the money is spent in a smart way so that we can reach our goals, foremost of these, creating jobs and growth.

President Juncker's 315 billion Euro Investment Plan is expected to play an important role in mobilising the required investments in energy infrastructure and innovation. Let's grasp this opportunity and use these investments in small and big infrastructure projects to create jobs, to reduce energy consumption and to lower energy prices.

Ladies and gentlemen,

our energy policy, of course, impacts our ability to tackle climate change. On many occasions, we have stated that we want to be a global leader in the fight against climate change and lead by example. The European Parliament will continue to put pressure on the EU to be more ambitious with regard to its own targets, including in relation to energy efficiency. In addition, the Parliament will continue to push for climate diplomacy. Ahead of this year's Paris Climate Conference the key challenge for the EU is, in my eyes, to act as a leader. A common EU position is needed for success.

To ensure that there will indeed be an agreement in Paris, one which will put the world on track to achieving the "below 2°C" objective we had better address the issue of climate change in all relevant meetings with third countries.

To conclude, the energy union is about big questions, big figures, big interests and big ambitions. It will require many legislative proposals and it will require full support and implementation at all levels. The European Parliament believes in the objectives of the Energy Union, but will assess very carefully the required legislative proposals and the way the Parliament will be involved in the governance of this project that touches upon the key interests of the European Union and its citizens.

I understand that some of you are considering following the model of the European Semester for the governance of the Energy Union. Well, I will come back to this later, but the least we can say is that the European Semester has various aspects which can certainly be bettered. No wonder the Commission is currently planning to streamline the whole process. So let’s learn from previous experience and let’s develop an efficient approach from the start. Energy is a core business of our union and therefore must be dealt with properly by the community institutions in a transparent, democratic and effective manner.

Greece

I certainly speak in your name too when I say that it was with great relief that we welcomed the deal reached between the Greek government and the 18 other Eurogroup members on extending the current Master Financial Assistance Facility Agreement by four months.

The big question we face now is: What will we do with these months we have gained?

The Greek people have endured social hardship as a consequence of one-sided budget cuts. And we must think about what we can do to alleviate this hardship. Because we all know: when the social fabric of a society is becoming brittle, it threatens to undermine the trust in democratic institutions.

Most urgently we must address the dramatic youth unemployment in Greece. One in two young people are unemployed. It is simply not fair that young people pay with their life chances for a crisis they have not caused. At last week's meeting, Prime Minister Tsipras and I spoke about the need to overcome the current situation with pragmatic measures. One such measure we discussed is to speedily make available the funds from the European Youth Employment Initiative. Greece has already been allocated 171.5 million Euros within the Youth Employment Initiative. This amount is matched by the same amount from the European Social Fund. By putting 50 million Euros of Greek money on the table we can make available 393 million Euros for the fight against youth unemployment in Greece.

We should swiftly adopt the current revision of the YEI regulation to increase the pre-financing level up to 30 per cent which can give an impetus to implement programs on the ground. Two programs which would reach 20.000 young Greeks are ready to be implemented, namely the "Youth Voucher Scheme" and the "Integrated Intervention Programme". I appeal to the Commission and my colleagues in Parliament, but specificaly and urgently to the Greek government, to quickly agree on the necessary steps and help these young people. Please be pragmatic. We cannot risk losing a generation.

But:

We will not solve the problems by blaming each other.

We will not regain trust without reliability.

We will not find a way out of the crisis if we cannot count on mutual guarantees.

To re-build trust everybody is called upon to refrain from agitation. It worries me deeply, that some politicians are using cheap slogans to stir up public opinion, that people are being incited to hate one another, that Europeans are being played off against one another, even though they are all, we are all, victims of the financial crisis. Some are paying by handing over their taxes to fund guarantees for other countries' debts, others are paying by being forced to accept welfare cuts. Against this background of economic and social tensions, the populists and extremists sow their words of hatred, and Europe reaps a harvest of resentment and discord. The demons of the past are rearing their ugly heads once more, demons which have only brought suffering and war to the peoples of Europe. I note with alarm that xenophobia is gaining ground once again. I urge everyone to keep a calm head and not burn bridges that will be difficult to rebuild.

In the coming months we urgently need to lay down a plan for sustainable growth and employment.

The European Semester

Ladies and gentlemen,

The European Parliament was surprised that you put the European Semester so low on the agenda of this Summit. In the case of Greece you have realized that what happens in one country can affect your country, too. That in fact, we cannot consider our national economies as separate black boxes - rather, they are very closely interlinked. The European Semester seeks to come to terms with our interdependence by closer coordination and therefore merits more commitment from your side. And yet only nine per cent of the country specific recommendations were fully implemented by member states in 2013 - nine per cent!

The European Parliament therefore supports the Commission’s suggestions for improving the European Semester by streamlining existing procedures, including its timetable, and increasing the involvement of national parliaments. Only if national parliaments are truly involved and have a real say, will they commit themselves to making the European Semester a success.

The European Parliament supports the three-pillar approach of the Annual Growth Survey for 2015: investments, fiscal responsibility and structural reforms. We believe this is the right policy mix to re-launch the European economy.

On the first pillar: investments. As you know, the European Parliament welcomed the Juncker Plan whole-heartedly. Now we are working on the details, e.g. the governance structure, or in other words, the criteria for selecting the projects. We want a sound project selection. We also call for a special regime for SMEs: the European Fund for Strategic Investment (EFSI) should facilitate grants and loans for small and medium-sized businesses. Also, we do not want the EFSI to substitute co-financed

European projects for nationally financed ones; we want the EFSI to focus on projects with an economic return or with a positive social cost-benefit effect; projects with a European added value but which are nevertheless not yet eligible for banking finance. I would like to especially thank those countries who so far are leading by example and have agreed to contribute to the EFSI, namely Germany, France, Italy and Spain.

Concerning the second pillar: fiscal responsibility. The European Parliament welcomes that the number of countries under the excessive deficit procedure has strongly decreased: from 24 in 2011 down to 11 in 2014. However, we are worried about growing inequalities, a decrease in purchasing power, high long-term unemployment and youth unemployment, and the still very high public and private indebtedness of a number of Member States in the euro area, a circumstance that not only hinders growth but also constitutes a substantial risk in case of possible future shocks. Of course, we should not only look at the spending side of budgets but also at the revenue side. Where is the Financial Transaction Tax, ladies and gentlemen? From now on, I will ask you this question at every European Council meeting.

We must also step up our effort in fighting tax evasion and tax fraud, besides bringing fairness and social justice, this can also make a substantial contribution to national budgets. In this context, I welcome yesterday's proposal by the Commission on transparency on tax rulings as a step in the right direction. But it is only a first step and many others must follow.

Let me conclude my remarks on the European Semester with the third pillar: structural reforms. The European Parliament believes that a more relaxed ECB monetary policy should be complemented by ambitious and socially sustainable structural reforms by the Member States. More attention must be given to the social and employment impact of reforms. The EU cannot compete on cost alone. It's high time we appreciate the European Social Model not as a handicap to do business, as some want to make us believe, but for what it is: our biggest advantage.

Ukraine and Eastern Neighbourhood

Ladies and gentlemen,

the recent brutal murder of Russian reformist and opposition leader Boris Nemtsov near the Kremlin in Moscow, two days before a demonstration he was organizing against the conflict in Ukraine and the fall-out of the economic crisis, shocked and appalled us. Bravely Nemtsov had opposed corruption and despotism. His death is a serious setback for all those who want to bring about an open and truly democratic Russia. The European Parliament calls for an independent international investigation into the murder. We expect the suspects to be given a fair and transparent trial under the rule of law.

At the last European Council meeting, I congratulated Chancellor Merkel and President Hollande on their diplomatic mission to Minsk on the 12 of February 2015 and praised their efforts to find a peaceful solution to the conflict in Eastern Ukraine. These days we monitor the implementation of the 13-point peace accord struck in Minsk.

We have seen some hopeful signs such as the withdrawal of heavy weaponry from the front-lines. However, violence and shelling continue daily and the ceasefire is still fragile. We urge all parties to stick to their words and follow-up on what they have agreed to do: uphold the ceasefire, withdraw all Russian troops and Russian-backed illegal armed groups and mercenaries, and exchange all prisoners.

Since the beginning of the crisis, and after the unlawful annexation of Crimea one year ago, the European Union has worked towards a peaceful solution of this conflict in our immediate neighbourhood. Because we know that the only viable solution is a political solution.

So far, we have resisted all attempts at dividing us. This is good news. Because divided we are weak, but united we are strong. Therefore, I urge you to refrain from any unilateral actions and to continue to maintain a common position vis-a-vis Russia. We should certainly continue our twin track approach:

maintaining the critical pressure through the sanctions regime on Russia while at the same time enhancing support for Ukraine.

Concerning the first track: The sanctions have proved to be a useful tool to get Russia back to the negotiation table. For now, they must remain in place.

The EU has rightly prolonged its visa ban and asset freeze list until September. The third package of sectorial sanctions on Russian key economic sectors: energy, finance, and arms will also remain in place until its review. President Tusk, you have announced the EU's willingness to step up sanctions in the event of further escalation.

Ladies and gentlemen,

The second track of our crisis management must be that of enhancing support for Ukraine. All along, the European Union has backed Ukraine's sovereignty, its territorial integrity and its right to determine its own destiny. Yet, more must be done to stabilize Ukraine internally. The European Parliament focuses on the reform process in Ukraine itself. We will do everything we can to help Kyiv to stabilise Ukraine's economy, to implement the Association Agreement and to move forward with key judicial, constitutional, and anti-corruption reforms. Continuing on the reform path is just as important for the stability and security of Ukraine as is finding a solution to the conflict with Russia.

One area where Kyiv could do with more support is energy security. The European Parliament welcomes the agreement at the trilateral gas talks in Brussels on the temporary solution of gas supply to Ukraine until the end of March. However, a long-term solution is needed to secure Russian gas delivery to Ukraine and the EU member states should show solidarity by increasing the reverse flows to Ukraine. Yet for both Ukraine's and the EU's long-term energy security, the creation of the Energy Union is of utmost importance.

The upcoming Eastern Partnership summit in Riga on 21-22 May will be a key event, helping us to have a strategic review of one of our top priority policies. The European Parliament believes that our Eastern Partnership policy must live up to the challenges and therefore needs to become more focused, more effective, more differentiated, and more targeted on concrete deliverables and results.

At the summit we should move ahead with the implementation of the Association Agreements with Ukraine, Georgia and Moldova. We expect that the national parliaments of the EU member states will complete the ratification by then. We want to offer new, deepened cooperation opportunities with the EU to those countries which have achieved progress in their reform process. This includes completing the second stage of visa liberalization and more substantial macro-financial assistance. A lot also depends on our partners themselves. They are called upon to root out systemic corruption and oligarchic elements and to establish the rule of law. We should not forget that the strength of internal institutions is perhaps the best immunity against external threats. We want to support these reforms with a "more for more" and "less for less" approach. The European Union can be of major assistance to our neighbours, if we use our transformative power to encourage modernisation and reform.

Libya

Ladies and gentlemen,

Four years ago Libyans went out on the streets and peacefully demonstrated for dignity and justice. The first flag flown over liberated Bengasi was the EU-flag! For them Europe is a model of peace, prosperity and progress.

Today Libya is at risk of falling apart.

We cannot close our eyes to the suffering endured by the Libyan people.

We cannot turn our back on our neighbours.

The emerging political vacuum opens the doors to jihadist groups and criminal networks. The barbaric beheading of 21 Egyptians by the so-called ISIS last month might have been a somber warning of worse things to come.

Yesterday's terrorist attack at the Bardo museum in Tunis which left 22 dead and 20 wounded has shocked us profoundly. After Tunisia's first free elections and the approval of the new constitution in Parliament this was a brutal attack aimed at the heart of democracy. Tunisia is a young democracy with elected, legitimate political institutions. We must avoid falling into the trap of "Islamism against security". In the name of the European Parliament I want to communicate our full support for the Tunisian government in the fight against terrorism and re-launching the economy. This attack was a wake-up call to the threat of jihadi violence spilling over from Libya. Terrorism is an international phenomenon and a global threat. In these difficult times we express our solidarity with the Tunisian people and authorities: We stand side by side with you.

Ladies and gentlemen,

400.000 Libyans have already been internally displaced. Many others have fled the country; more than 1.5 million people to Tunisia. For refugees from other countries, the absence of border controls has made Libya a prime spot for embarking on rickety boats to the European coast in the hope of finding protection. The humanitarian situation keeps worsening and will continue to disrupt Libya, its neighbours and Europe unless we immediately step up our humanitarian assistance and reach the populations in urgent need. So far, we are not doing very much about it.

From the outset, I want to state very clearly, that there is no military solution. The only way forward is the on-going political dialogue held under the UN auspices in full respect of UN Security Council resolutions. Encouraging progress was made in Geneva in January and in Ghadames in February. The talks held this month in Morocco and in Algeria confirm this path. The involvement of regional diplomacies is clearly beneficial. The member states of the European Union, must stay united and act together. We are convinced that the EU and its Maghreb partners share the same objective for a meaningful and inclusive political dialogue to pave the way to stopping the spread of violence.

It is up to the Libyan people to determine their own destiny. Let's make sure that all voices will be heard in the process - women, young people, businessmen, local authorities and many others. A Government of National Unity offers the best chance for Libyans to foster re-conciliation and build a peaceful and prosperous future. The Parliament believes that the EU must be prepared to support such a government through state-building and economic cooperation, as well as security sector reform which remains the best prevention against the rule of militias and terrorist groups. At the same time the European Parliament is willing to follow the advice of the UN Special Representative, Bernardino Leon, to introduce restrictive measures against those who obstruct the political process and encourage violence.

Let's be clear, what is needed is a comprehensive long-term strategy.

Thank you for your attention.